



# **The Impact of Roland E. Powell Convention Center on the Maryland Economy: 2002 Update**



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## **Report Highlights**

- In 2002, the Ocean City Convention Center hosted a total of 108 events including 33 conventions, 8 trade shows, 35 consumer shows, 25 meetings, and 7 competitions.
- These events generated a total of 292,027 visitors to the convention center, a 19 percent increase over 2001.
- Expenditures by convention center visitors and convention and trade show organizers in 2002 amounted to nearly \$71 million, generating about \$26 million in employee income, 1,384 full-time equivalent jobs, and \$4 million in selected state and local tax receipts.
- The total economic impact of the facility (direct and secondary impacts) is estimated to be \$114 million in expenditures, \$41 million in personal income, about 1,900 full-time equivalent jobs, and \$5 million in selected state and local tax receipts.
- Conventions generated the largest economic impact, representing 55 percent of expenditures, while consumer shows followed with 26 percent of expenditures.

# **The Impact of Roland E. Powell Convention Center on the Maryland Economy: 2002 Update**

## **Introduction**

The Roland E. Powell Convention Center, located in Ocean City, is Maryland's major convention facility on the eastern shore. The facility enjoys proximity to numerous attractions, including the Boardwalk, restaurants and pubs, specialty shops, arcades, nightclubs, amusement parks, water parks, golf courses, and a major regional airport. The convention center has a total of 94,000 square feet of exhibit space, 10 meeting rooms and about 39,916 square feet of meeting space.

This study, conducted at the request of the Maryland Stadium Authority, is an update of the 2001 study. This study estimates the economic and fiscal impacts from annual operations of the convention center on the economy of Maryland using detailed 2002 survey data. The impact is measured in terms of additional direct and secondary expenditures, income, employment, and tax receipts generated in Maryland. The direct impacts represent the initial first round expenditures by convention center visitors and by convention and trade show. The secondary impacts, or the ripple effects, include indirect and induced effects. Indirect effects arise as local vendors increase their spending on goods, services and employees, in order to meet the higher demand for their products brought about by the operation of the convention center. The induced expenditures result from the disposition of employee income on consumer goods and services in Maryland. The total economic impact is the sum of direct and all secondary economic benefits.

Data for this study are obtained from various sources. Detailed monthly data on 2002 events, number of visitors, and daily hotel room rates were obtained from the convention center. Data on average daily expenditures of the convention center visitors were compiled from the tourism database of the Business Research and Analysis unit of DBED (Table 6). The economic and fiscal impact estimates were obtained using the Maryland Economic Impact Model, based on the nationally known IMPLAN Input-Output Modeling System of the University of Minnesota IMPLAN Group.

## **Visitor Information**

In 2002, the Ocean City Convention Center hosted a total of 108 events including 33 conventions, 8 trade shows, 35 consumer shows, 25 meetings, and 7 competitions (Table 1). These events generated a total of 292,027 visitors to the convention center (Table 2). The consumer shows attracted the largest number of visitors followed by convention delegates. According to the convention center surveys, about 50 percent of the visitors engaged in convention, trade show, organized meetings and competition activities stay overnight in Ocean City. The convention center also reports that only 10 percent of the consumer-show visitors stay overnight in the city (Table 3). Tables 4 and 5 show the distribution of visitor days (the number of days a visitor attends an event) between overnight and daytrip accommodations.

**Table 1**  
**Roland E. Powell Convention Center**  
**Number of Events, 2002**

| <b>Month</b> | <b>Conventions</b> | <b>Trade Shows</b> | <b>Consumer Shows</b> | <b>Meetings</b> | <b>Competitions</b> | <b>Total</b> |
|--------------|--------------------|--------------------|-----------------------|-----------------|---------------------|--------------|
| January      | 1                  | 0                  | 1                     | 3               | 0                   | 5            |
| February     | 1                  | 1                  | 1                     | 0               | 1                   | 4            |
| March        | 2                  | 3                  | 5                     | 1               | 0                   | 11           |
| April        | 2                  | 2                  | 0                     | 5               | 0                   | 9            |
| May          | 6                  | 0                  | 3                     | 2               | 1                   | 12           |
| June         | 4                  | 0                  | 4                     | 1               | 0                   | 9            |
| July         | 4                  | 0                  | 2                     | 3               | 2                   | 11           |
| August       | 1                  | 0                  | 5                     | 0               | 1                   | 7            |
| September    | 5                  | 0                  | 2                     | 1               | 1                   | 9            |
| October      | 4                  | 1                  | 4                     | 4               | 1                   | 14           |
| November     | 2                  | 1                  | 4                     | 3               | 0                   | 10           |
| December     | 1                  | 0                  | 4                     | 2               | 0                   | 7            |
| <b>Total</b> | <b>33</b>          | <b>8</b>           | <b>35</b>             | <b>25</b>       | <b>7</b>            | <b>108</b>   |

Source: Roland E. Powell Convention Center

**Table 2**  
**Roland E. Powell Convention Center**  
**Number of Visitors, 2002**

| <b>Month</b> | <b>Conventions</b> | <b>Trade Shows</b> | <b>Consumer Shows</b> | <b>Meetings</b> | <b>Competitions</b> | <b>Total</b>   |
|--------------|--------------------|--------------------|-----------------------|-----------------|---------------------|----------------|
| January      | 7,800              | 0                  | 12,000                | 728             | 0                   | 20,528         |
| February     | 9,000              | 6,000              | 17,200                | 0               | 7,500               | 39,700         |
| March        | 22,500             | 13,000             | 37,560                | 75              | 0                   | 73,135         |
| April        | 9,700              | 975                | 0                     | 1,060           | 0                   | 11,735         |
| May          | 3,512              | 0                  | 2,950                 | 720             | 1,066               | 8,248          |
| June         | 11,340             | 0                  | 3,750                 | 205             | 0                   | 15,295         |
| July         | 4,450              | 0                  | 2,750                 | 450             | 2,050               | 9,700          |
| August       | 2,880              | 0                  | 8,975                 | 0               | 400                 | 12,255         |
| September    | 12,100             | 0                  | 5,580                 | 150             | 500                 | 18,330         |
| October      | 17,100             | 450                | 10,400                | 2,420           | 200                 | 30,570         |
| November     | 10,220             | 2,500              | 27,040                | 740             | 0                   | 40,500         |
| December     | 6,000              | 0                  | 4,593                 | 1,438           | 0                   | 12,031         |
| <b>Total</b> | <b>116,602</b>     | <b>22,925</b>      | <b>132,798</b>        | <b>7,986</b>    | <b>11,716</b>       | <b>292,027</b> |

Source: Roland E. Powell Convention Center

**Table 3**  
**Roland E. Powell Convention Center**  
**Study Assumptions, 2002**

| <b>Category</b>                                      | <b>Assumption</b> |
|--|-------------------|
| Overnight Visitors (Percent of event total visitors) |                   |
| Convention   | 50%               |
| Trade Shows  | 50%               |
| Consumer Shows                                       | 10%               |
| Meetings   | 50%               |
| Competitions   | 50%               |
| Average Room Occupancy (Persons per room)            | 1.6               |
| Local Hotel Occupancy Tax Rate                       | 4%                |
| Local Food & Beverage Tax Rate                       | 1%                |

Source: Roland E. Powell Convention Center

**Table 4**  
**Roland E. Powell Convention Center**  
**Number of Visitor Nights, 2002**

| <b>Month</b> | <b>Conventions</b> | <b>Trade Shows</b> | <b>Consumer Shows</b> | <b>Meetings</b> | <b>Competitions</b> | <b>Total</b>   |
|--------------|--------------------|--------------------|-----------------------|-----------------|---------------------|----------------|
| January      | 7,800              | 0                  | 2,400                 | 664             | 0                   | 10,864         |
| February     | 13,500             | 9,000              | 5,160                 | 0               | 11,250              | 38,910         |
| March        | 33,750             | 19,350             | 11,136                | 38              | 0                   | 64,274         |
| April        | 14,550             | 1,388              | 0                     | 530             | 0                   | 16,468         |
| May          | 5,049              | 0                  | 445                   | 2,035           | 1,066               | 8,595          |
| June         | 21,760             | 0                  | 645                   | 410             | 0                   | 22,815         |
| July         | 7,400              | 0                  | 745                   | 625             | 6,125               | 14,895         |
| August       | 4,320              | 0                  | 2,160                 | 0               | 200                 | 6,680          |
| September    | 20,850             | 0                  | 2,174                 | 225             | 500                 | 23,749         |
| October      | 25,650             | 225                | 2,930                 | 2,508           | 100                 | 31,413         |
| November     | 14,870             | 5,000              | 6,804                 | 370             | 0                   | 27,044         |
| December     | 9,000              | 0                  | 459                   | 1,103           | 0                   | 10,562         |
| <b>Total</b> | <b>178,499</b>     | <b>34,963</b>      | <b>35,058</b>         | <b>8,507</b>    | <b>19,241</b>       | <b>276,268</b> |

Source: Roland E. Powell Convention Center

**Table 5**  
**Roland E. Powell Convention Center**  
**Number of Daytrip Visitors, 2002**

| <b>Month</b> | <b>Conventions</b> | <b>Trade Shows</b> | <b>Consumer Shows</b> | <b>Meetings</b> | <b>Competitions</b> | <b>Total</b>   |
|--------------|--------------------|--------------------|-----------------------|-----------------|---------------------|----------------|
| January      | 7,800              | 0                  | 21,600                | 664             | 0                   | 30,064         |
| February     | 13,500             | 9,000              | 46,440                | 0               | 11,250              | 80,190         |
| March        | 33,750             | 19,350             | 100,224               | 38              | 0                   | 153,362        |
| April        | 14,550             | 1,388              | 0                     | 530             | 0                   | 16,468         |
| May          | 5,049              | 0                  | 4,005                 | 2,035           | 1,066               | 12,155         |
| June         | 21,760             | 0                  | 5,805                 | 410             | 0                   | 27,975         |
| July         | 7,400              | 0                  | 6,705                 | 625             | 6,125               | 20,855         |
| August       | 4,320              | 0                  | 19,440                | 0               | 200                 | 23,960         |
| September    | 20,850             | 0                  | 19,566                | 225             | 500                 | 41,141         |
| October      | 25,650             | 225                | 26,370                | 2,508           | 100                 | 54,853         |
| November     | 14,870             | 5,000              | 61,236                | 370             | 0                   | 81,476         |
| December     | 9,000              | 0                  | 4,134                 | 1,103           | 0                   | 14,237         |
| <b>Total</b> | <b>178,499</b>     | <b>34,963</b>      | <b>315,525</b>        | <b>8,507</b>    | <b>19,241</b>       | <b>556,734</b> |

Source: Roland E. Powell Convention Center

**Table 6**  
**Roland E. Powell Convention Center**  
**Average Daily Spending of Visitors, 2002**

| <b>Category/Month</b>                     | <b>Hotel</b> | <b>Restaurants</b> | <b>Transportation</b> | <b>Communication Services</b> | <b>Retail</b> | <b>Personal Services</b> | <b>Business Services</b> | <b>Recreation Services</b> | <b>Total</b> |
|---|--------------|--------------------|-----------------------|-------------------------------|---------------|--------------------------|--------------------------|----------------------------|--------------|
| <b><i>Overnight</i></b>                   |              |                    |                       |                               |               |                          |                          |                            |              |
| January                                   | \$76         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$168</b> |
| February                                  | \$82         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$174</b> |
| March                                     | \$87         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$179</b> |
| April                                     | \$87         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$179</b> |
| May                                       | \$98         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$190</b> |
| June                                      | \$131        | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$223</b> |
| July                                      | \$166        | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$258</b> |
| August                                    | \$204        | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$296</b> |
| September                                 | \$99         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$191</b> |
| October                                   | \$87         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$179</b> |
| November                                  | \$82         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$174</b> |
| December                                  | \$76         | \$43               | \$26                  | \$3                           | \$6           | \$4                      | \$4                      | \$6                        | <b>\$168</b> |
| <b><i>Daytrip</i></b>                     |              |                    |                       |                               |               |                          |                          |                            |              |
| Average                                   | \$0          | \$20               | \$13                  | \$0                           | \$3           | \$6                      | \$0                      | \$0                        | <b>\$42</b>  |
| <b><i>Miscellaneous Expenditures*</i></b> |              |                    |                       |                               |               |                          |                          |                            |              |
| Associations                              |              |                    |                       |                               |               |                          |                          |                            | <b>\$10</b>  |
| Exhibitors                                |              |                    |                       |                               |               |                          |                          |                            | <b>\$19</b>  |
| Exposition Services                       |              |                    |                       |                               |               |                          |                          |                            | <b>\$3</b>   |

\* Per convention/trade show delegate.

Source: Roland E. Powell Convention Center and DBED, Business Research and Analysis



## **Economic and Fiscal Impacts**

Tables 7-9 summarize the statewide economic and fiscal impacts associated with the operation of the Roland E. Powell Convention Center in Maryland. The direct economic impact of the convention center is estimated to be nearly \$71 million in expenditures, \$26 million in employee income, 1,384 full-time equivalent jobs, about \$3 million in state retail sales and personal income tax receipts and about \$1 million in local tax receipts (Table 7). This direct impact refers to the initial expenditures associated with the convention center and reflects spending by all visitors and by convention/trade show organizers.

The convention center also generates secondary benefits that include \$44 million in expenditures, \$15 million in employee income, and about 525 jobs. The convention center's secondary effects are estimated to yield roughly \$548,000 in state tax receipts and \$217,000 in local tax receipts (Table 8). These secondary effects include the indirect effects that result when local vendors increase their production in order to meet additional demand arising from the visitor activities. The induced impacts result from increased consumer spending by the employees of the hospitality industry and local vendors in Maryland.

Finally, total economic impact -- sum of direct and secondary benefits -- is an estimated \$114 million in expenditures, \$41 million in personal income, and 1,909 full-time equivalent jobs. The total annual fiscal impact from the convention center operations in 2002 is estimated to be about \$3.6 million in selected state tax receipts and \$1.4 million in local tax receipts. This consists of roughly \$2.8 million in state retail sales tax receipts, \$0.8 million in state personal income tax receipts, about \$536,000 in local personal income surtax receipts, \$670,000 in hotel occupancy tax receipts, and about \$230,000 in local food and beverages tax receipts (Table 9).

**Table 7**  
**Roland E. Powell Convention Center**  
**Direct Impact on Maryland Economy, 2002**

| <b>Indicator</b>                         | <b>Conventions</b> | <b>Trade Shows</b> | <b>Consumer Shows</b> | <b>Meetings</b> | <b>Competitions</b> | <b>Total</b>     |
|--|--------------------|--------------------|-----------------------|-----------------|---------------------|------------------|
| Gross Sales (\$ millions)                | \$39.1             | \$7.4              | \$18.6                | \$1.6           | \$3.9               | \$70.6           |
| Employee Income (\$ millions)            | \$14.1             | \$2.7              | \$7.2                 | \$0.6           | \$1.4               | \$26.0           |
| Employment                               | 713                | 137                | 429                   | 32              | 74                  | 1,384            |
| <b><i>State Tax Receipts (\$000)</i></b> | <b>\$1,662.5</b>   | <b>\$309.1</b>     | <b>\$835.8</b>        | <b>\$77.0</b>   | <b>\$184.7</b>      | <b>\$3,069.2</b> |
| Retail Sales Tax (\$000)                 | \$1,411.5          | \$260.9            | \$684.9               | \$65.8          | \$158.8             | \$2,581.8        |
| Personal Income Tax (\$000)              | \$251.0            | \$48.2             | \$150.9               | \$11.2          | \$26.0              | \$487.3          |
| <b><i>Local Tax Receipts (\$000)</i></b> | <b>\$715.9</b>     | <b>\$127.8</b>     | <b>\$260.0</b>        | <b>\$33.0</b>   | <b>\$82.5</b>       | <b>\$1,219.2</b> |
| Personal Income Surtax (\$000)           | \$164.0            | \$31.5             | \$98.6                | \$7.3           | \$17.0              | \$318.4          |
| Hotel Occupancy Tax (\$000)              | \$439.4            | \$74.3             | \$83.3                | \$20.3          | \$53.4              | \$670.7          |
| Food & Beverage Tax (\$000)              | \$112.5            | \$22.0             | \$78.2                | \$5.4           | \$12.1              | \$230.1          |

Sources: Roland E. Powell Convention Center and DBED, Business Research and Analysis

**Table 8**  
**Roland E. Powell Convention Center**  
**Indirect Impact on Maryland Economy, 2002**

| <b>Indicator</b>                         | <b>Conventions</b> | <b>Trade Shows</b> | <b>Consumer Shows</b> | <b>Meetings</b> | <b>Competitions</b> | <b>Total</b>   |
|--|--------------------|--------------------|-----------------------|-----------------|---------------------|----------------|
| Gross Sales (\$ millions)                | \$24.4             | \$4.6              | \$11.2                | \$1.0           | \$2.4               | \$43.5         |
| Employee Income (\$ millions)            | \$8.5              | \$1.6              | \$3.8                 | \$0.3           | \$0.8               | \$15.0         |
| Employment                               | 295                | 56                 | 133                   | 12              | 29                  | 525            |
| <b><i>State Tax Receipts (\$000)</i></b> | <b>\$308.2</b>     | <b>\$58.0</b>      | <b>\$138.6</b>        | <b>\$12.7</b>   | <b>\$30.2</b>       | <b>\$547.8</b> |
| Retail Sales Tax (\$000)                 | \$108.1            | \$20.3             | \$48.6                | \$4.4           | \$10.6              | \$192.0        |
| Personal Income Tax (\$000)              | \$200.2            | \$37.6             | \$90.0                | \$8.2           | \$19.6              | \$355.7        |
| <b><i>Local Tax Receipts (\$000)</i></b> | <b>\$122.2</b>     | <b>\$23.0</b>      | <b>\$55.0</b>         | <b>\$5.0</b>    | <b>\$12.0</b>       | <b>\$217.2</b> |
| Personal Income Surtax (\$000)           | \$122.2            | \$23.0             | \$55.0                | \$5.0           | \$12.0              | \$217.2        |

Sources: Roland E. Powell Convention Center and DBED, Business Research and Analysis

**Table 9**  
**Roland E. Powell Convention Center**  
**Total Impact on Maryland Economy, 2002**

| <b>Indicator</b>                         | <b>Conventions</b> | <b>Trade Shows</b> | <b>Consumer Shows</b> | <b>Meetings</b> | <b>Competitions</b> | <b>Total</b>     |
|--|--------------------|--------------------|-----------------------|-----------------|---------------------|------------------|
| Gross Sales (\$ millions)                | \$63.5             | \$12.0             | \$29.7                | \$2.7           | \$6.3               | \$114.1          |
| Employee Income (\$ millions)            | \$22.5             | \$4.3              | \$11.0                | \$1.0           | \$2.3               | \$41.0           |
| Employment                               | 1,008              | 193                | 561                   | 44              | 103                 | 1,909            |
| <b><i>State Tax Receipts (\$000)</i></b> | <b>\$1,970.8</b>   | <b>\$367.1</b>     | <b>\$974.4</b>        | <b>\$89.7</b>   | <b>\$215.0</b>      | <b>\$3,616.9</b> |
| Retail Sales Tax (\$000)                 | \$1,519.6          | \$281.2            | \$733.4               | \$70.3          | \$169.4             | \$2,773.9        |
| Personal Income Tax (\$000)              | \$451.2            | \$85.9             | \$240.9               | \$19.5          | \$45.6              | \$843.1          |
| <b><i>Local Tax Receipts (\$000)</i></b> | <b>\$838.1</b>     | <b>\$150.8</b>     | <b>\$315.0</b>        | <b>\$38.0</b>   | <b>\$94.5</b>       | <b>\$1,436.5</b> |
| Personal Income Surtax (\$000)           | \$286.3            | \$54.5             | \$153.6               | \$12.4          | \$29.0              | \$535.6          |
| Hotel Occupancy Tax (\$000)              | \$439.4            | \$74.3             | \$83.3                | \$20.3          | \$53.4              | \$670.7          |
| Food & Beverage Tax (\$000)              | \$112.5            | \$22.0             | \$78.2                | \$5.4           | \$12.1              | \$230.1          |

Sources: Roland E. Powell Convention Center and DBED, Business Research and Analysis